

Message Text

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ACTION EB-07

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C O N F I D E N T I A L MOSCOW 12723

USDOC FOR BEWT/USSR

E. O. 11652: GDS

TAGS: ETRD, EEWT, EFIN, UR

SUBJ:

REPRT ON CURTAILMENT OF SOVIET HARD CURRENCY PURCHASES

1. LOCAL DRESSER INDUSTRIES REP, WHO HAS EXCELLENT CONTACTS IN MINISTRY OF OIL INDUSTRY, PASSED ON TO COMMERCIAL ATTACHE REPORT FROM SENIOR MINISTRY OF OIL INDUSTRY OFFICIAL ACCORDING TO WHICH SEVERAL PENDING MAJOR PROJECTS INVOLVING HEAVY FOREIGN EXCHANGE COSTS HAVE BEEN POSTPONED DUE TO GRAIN IMPORT NEEDS. OIL MINISTRY OFFICIAL TOLD DRESSER REP THAT AT AUGUST 28 MEETING OF "POLITBURO," DECISIONS HAD BEEN TAKEN TO DELAY 12 OF 25 MAJOR PROJECTS REVIEWED. AMONG PROJECTS OF INTEREST TO MINISTRY OF OIL INDUSTRY, PROPOSAL FOR CONSTRUCTION OF FACILITIES TO BUILD OFF-SHORE DRILLING RIGS (WITH ARMCO, BROWN AND ROOT, C. JIM STEWART-STEVENSON ETC) WAS APPROVED WHILE PROPOSED ROCK DRILL BIT PLANT (IN WHICH DRESSER AND REED TOOT COMPETING) WAS POSTPONED. DRESSER REP TRIED TO CHECK THIS STORY OUT WITH STANKOIMPORT (RESPONSIBLE FTO), WHERE HE WAS TOLD THAT NO SUCH DECISION HAD BEEN TAKEN. DRESSER REP NOTED, HOWEVER, THAT STANKOIMPORT MIGHT BE LAST ORGANIZATION TO LEARN IF THERE HAD BEEN CHANGE IN SIGNALS.

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2. COMMENT: EVEN IF REPORT PASSED ON BY DRESSER REP IS

INCORRECT, IT IS INTERESTING THAT SOVIET INDUSTRIAL OFFICIALS
ARE THINKING IN TERMS OF LIKELY CURTAILMENTS OF FOREIGN
PURCHASES DUE TO DETERIORATING HARD CURRENCY TRADE BALANCE.
DRESSER REP SHOWED COMMATT LETTER DATED SEPTEMBER 1 FROM
STANKOIMPORT VICE PRESIDENT YEVSEYEV TO DRESSER OFFICIAL JOHN
CLOCKER IN WHICH STANKOIMPORT:
T: A) INDICATED THAT IT WOULD MEET
DRESSER HALFWAY ON PRICE FOR TECHNOLOGY; B) AGREED TO DROP
REQUIREMENT FOR INCLUSION OF VACUUM REMELT EQUIPMENT IN PLANT;
AND C) MADE STRONG PLEA THAT DRESSER ARRANGE FINANCING FOR
PLANT. IN VIEW FACT THAT DRESSER HAS LONG MADE CLEAR THAT
CONTRACT WOULD HAVE TO BE ON CASH BASIS, SOVIET RETURN TO
REQUIREMENT FOR FINANCING MAY INDICATE THAT DECISION HAS BEEN
TAKEN TO PUT THIS PROJECT ON ICE UNLESS FINANCING, WHICH WOULD
REDUCE INITIAL HARD-CURRENCY IMPACT, CAN BE ARRANGED.
STOESSEL

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